

**THE CHAMBER MUSIC SOCIETY  
OF LINCOLN CENTER, INC.**

**Financial Statements  
for years ended  
June 30, 2021  
and  
June 30, 2020**

**Independent Auditor's Report**

To The Board of Directors of  
The Chamber Music Society of Lincoln Center, Inc.

We have audited the accompanying financial statements of The Chamber Music Society of Lincoln Center, Inc. which comprise the statements of financial position as of June 30, 2021 and June 30, 2020 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Chamber Music Society of Lincoln Center, Inc. as of June 30, 2021 and June 30, 2020 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

December 20, 2021

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Statements of Financial Position**

**Assets**

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,001,347	\$ 2,878,566
Contributions receivable	2,558,050	2,502,793
Prepaid expenses and other current assets	244,694	333,998
Total current assets	7,804,091	5,715,357
<b>Contributions receivable, net</b>	1,873,043	2,974,151
<b>Property and equipment, net of accumulated depreciation and amortization</b>	5,046,529	5,409,741
<b>Investments, at fair value</b>	61,061,363	48,864,511
<b>Total assets</b>	<b>\$ 75,785,026</b>	<b>\$ 62,963,760</b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable, taxes payable and accrued expenses	\$ 570,256	\$ 695,606
Advance box office receipts	713,738	491,208
Total current liabilities	1,283,994	1,186,814
<b>Loans payable</b>	1,157,145	583,338
Total liabilities	2,441,139	1,770,152
<b>Net assets</b>		
Without donor restrictions		
Operating	1,137,322	1,100,667
Other	29,541,855	21,945,343
Total without donor restrictions	30,679,177	23,046,010
With donor restrictions	42,664,710	38,147,598
Total net assets	73,343,887	61,193,608
<b>Total liabilities and net assets</b>	<b>\$ 75,785,026</b>	<b>\$ 62,963,760</b>

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Activities  
 Year Ended June 30, 2021  
 (with Summarized Comparative Information for the year ended June 30, 2020)

	2021		2020		
	Operating	Without Donor Restrictions Other	Total	With Donor Restrictions	Total
<b>Support and revenue</b>					
Contributions	\$ 3,012,010	\$ -	\$ 3,012,010	\$ 587,132	\$ 3,599,142
Contributions – Campaign for the 50 <sup>th</sup>	137,400	282,500	419,900	741,260	1,161,160
Box office receipts	42,292	-	42,292	-	42,292
Touring	190,548	-	190,548	-	190,548
Long-term investment return					
designated for current operations	1,359,799	906,533	2,266,332	-	2,266,332
Long-term investment return in excess					
of spending rate	-	6,025,324	6,025,324	5,097,470	11,122,794
Other investment return	64,581	-	64,581	-	64,581
Rent, royalties and miscellaneous	5,293	-	5,293	-	5,293
Benefits	758,589	-	758,589	-	758,589
Less: direct benefits expenses	(156,900)	-	(156,900)	-	(156,900)
Sub-total	5,413,612	7,214,357	12,627,969	6,425,862	19,053,831
Net assets released from restrictions	1,009,650	899,100	1,908,750	(1,908,750)	-
Total support and revenue	<u>6,423,262</u>	<u>8,113,457</u>	<u>14,536,719</u>	<u>4,517,112</u>	<u>19,053,831</u>
<b>Expenses</b>					
Program services					
Performances	2,704,877	264,418	2,969,295	-	2,969,295
Touring	679,028	30,810	709,838	-	709,838
Education	431,399	20,729	452,128	-	452,128
Commissioning new music	-	-	-	-	-
Recording-production/distribution	727,385	80,178	807,563	-	807,563
Total program services	<u>4,542,689</u>	<u>396,135</u>	<u>4,938,824</u>	<u>-</u>	<u>4,938,824</u>
Supporting activities					
Management and general	762,626	32,464	795,090	-	795,090
Fundraising	1,081,292	88,346	1,169,638	-	1,169,638
Total supporting activities	<u>1,843,918</u>	<u>120,810</u>	<u>1,964,728</u>	<u>-</u>	<u>1,964,728</u>
Total expenses	<u>6,386,607</u>	<u>516,945</u>	<u>6,903,552</u>	<u>-</u>	<u>6,903,552</u>
<b>Increase in net assets</b>	<b>36,655</b>	<b>7,596,512</b>	<b>7,633,167</b>	<b>4,517,112</b>	<b>12,150,279</b>
<b>Net assets, beginning of year</b>	<b>1,100,667</b>	<b>21,945,343</b>	<b>23,046,010</b>	<b>38,147,598</b>	<b>61,193,608</b>
<b>Net assets, end of year</b>	<b>\$ 1,137,322</b>	<b>\$ 29,541,855</b>	<b>\$ 30,679,177</b>	<b>\$ 42,664,710</b>	<b>\$ 73,343,887</b>

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statement of Activities  
Year Ended June 30, 2020

	Without Donor Restrictions		With Donor Restrictions	
	Operating	Other	Restrictions	Total
<b>Support and revenue</b>				
Contributions	\$ 2,625,661	\$ 1,000,000	\$ 1,744,512	\$ 5,370,173
Contributions – Campaign for the 50 <sup>th</sup>	81,899	143,000	105,904	330,803
Box office receipts	1,685,987	-	-	1,685,987
Touring	720,567	-	-	720,567
Long-term investment return	2,037,517	-	-	2,037,517
designated for current operations	-	(47,530)	(47,728)	(95,258)
Long-term investment return in excess	146,849	-	-	146,849
of spending rate	64,626	-	-	64,626
Other investment return	1,019,348	-	-	1,019,348
Rent, royalties and miscellaneous	(66,099)	-	-	(66,099)
Benefits	8,316,355	1,095,470	1,802,688	11,214,513
Less: direct benefits expenses	719,145	703,172	(1,422,317)	-
Sub-total	9,035,500	1,798,642	380,371	11,214,513
Net assets released from restrictions				
Total support and revenue				
	4,441,217	247,996	-	4,689,213
	1,033,273	31,892	-	1,065,165
	547,000	21,409	-	568,409
	58,780	-	-	58,780
	753,996	81,390	-	835,386
	6,834,266	382,687	-	7,216,953
<b>Expenses</b>				
Program services				
Performances	1,039,383	33,593	-	1,072,976
Touring	1,154,193	92,161	-	1,246,354
Education	2,193,576	125,754	-	2,319,330
Commissioning new music	9,027,842	508,441	-	9,536,283
Recording-production/distribution	7,658	1,290,201	380,371	1,678,230
Total program services	1,093,009	20,655,142	37,767,227	59,515,378
Supporting activities				
Management and general				
Fundraising				
Total supporting activities				
Total expenses				
<b>Increase in net assets</b>				
	\$ 1,100,667	\$ 21,945,343	\$ 38,147,598	\$ 61,193,608
<b>Net assets, beginning of year</b>				
<b>Net assets, end of year</b>				

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Functional Expenses  
Year Ended June 30, 2021  
(with Summarized Comparative Information for year ended June 30, 2020)

	2021					2020				
	Program Services			Recording- Production/ Distribution		Management and General		Fund- Raising		Total
	Performances	Touring	Education	Total	Management and General	Fund- Raising	Total	Total	Total	
Salaries and benefits	\$ 1,274,520	\$ 390,945	\$ 400,146	\$ 2,526,821	\$ 321,900	\$ 1,040,956	\$ 1,362,856	\$ 3,889,677	\$ 3,774,135	
Artists' fees	655,407	189,515	16,075	860,997	-	10,975	10,975	871,972	1,300,451	
Travel	17,075	70,654	436	88,165	10,535	447	10,982	99,147	276,826	
Marketing and promotion	205,742	-	-	205,742	-	-	-	205,742	746,123	
Credit card fees	-	-	-	-	43,345	-	43,345	43,345	58,307	
Hall rental and labor	59,805	-	-	59,805	-	-	-	59,805	1,018,789	
Music purchase and rental	2,018	-	-	2,018	-	-	-	2,018	10,628	
Programs, brochures and inserts	84,497	-	3,250	87,747	-	-	-	87,747	209,236	
Professional fees	95,333	2,000	-	324,867	142,964	-	142,964	467,831	686,454	
Dues, conferences, subscriptions	-	-	4,490	4,490	12,258	-	12,258	16,748	22,980	
Catering and hospitality	4,317	8,220	492	13,029	5,182	162,672	167,854	180,883	279,470	
Supporting services	-	-	-	-	-	-	-	-	13,580	
Insurance	-	2,700	-	2,700	47,451	-	47,451	50,151	62,955	
Messengers, postage, mailing	13,643	55	-	13,698	743	329	1,072	14,770	58,846	
Software	-	-	-	-	108,914	-	108,914	108,914	94,054	
Telephone	-	-	-	-	7,730	-	7,730	7,730	11,953	
Furniture, equipment and maintenance	8,803	-	-	13,931	12,406	-	12,406	26,337	20,114	
Depreciation and amortization	264,418	30,810	20,729	396,135	32,464	88,346	120,810	516,945	508,441	
Rose Studio maintenance	233,731	-	-	233,731	-	-	-	233,731	227,801	
Tuning and other production	42,934	1,400	2,000	77,926	-	200	200	78,126	128,476	
CDs, materials, and reference	1,704	-	4,510	6,214	10,500	14,922	25,422	31,636	28,129	
Office supplies and miscellaneous	5,348	13,539	-	20,808	38,698	7,691	46,389	67,197	64,634	
Total expenses by function	2,969,295	709,838	452,128	4,938,824	795,090	1,326,538	2,121,628	7,060,452	9,602,382	
Less: direct benefits expenses net with revenue on the statements of activities	-	-	-	-	-	156,900	156,900	156,900	66,099	
<b>Total</b>	<b>\$ 2,969,295</b>	<b>\$ 709,838</b>	<b>\$ 452,128</b>	<b>\$ 4,938,824</b>	<b>\$ 795,090</b>	<b>\$ 1,169,638</b>	<b>\$ 1,964,728</b>	<b>\$ 6,903,552</b>	<b>\$ 9,536,283</b>	

See notes to financial statements.

THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.

Statements of Functional Expenses  
Year Ended June 30, 2020

	Program Services					Supporting Activities			
	Performances	Touring	Education	Commissioning New Music	Recording-Production/Distribution	Total	Management and General	Fund-Raising	Total
Salaries and benefits	\$ 1,469,677	\$ 232,231	\$ 368,219	\$ -	\$ 374,245	\$ 2,444,372	\$ 559,126	\$ 770,637	\$ 1,329,763
Artists' fees	564,358	550,900	96,596	58,597	-	1,270,451	-	30,000	30,000
Travel	115,187	141,443	4,511	-	-	261,141	6,144	9,541	15,685
Marketing and promotion	726,173	10,290	460	-	9,200	746,123	-	-	-
Credit card fees	-	-	-	-	-	-	58,307	-	58,307
Hall rental and labor	915,847	-	30,510	-	60,037	1,006,394	-	12,395	12,395
Music purchase and rental	9,407	230	991	-	-	10,628	-	-	10,628
Programs, brochures and inserts	176,119	6,182	17,668	-	-	199,969	-	9,267	9,267
Professional fees	70,736	34,513	-	-	276,957	382,206	134,567	169,681	304,248
Dues, conferences, subscriptions	-	-	1,278	-	-	1,278	21,702	-	21,702
Catering and hospitality	40,501	19,736	4,170	-	-	64,407	17,775	197,288	215,063
Supporting services	-	-	-	-	-	-	13,580	-	13,580
Insurance	-	5,573	-	-	-	5,573	57,382	-	57,382
Messengers, postage, mailing	49,298	2,651	4,916	-	-	56,865	1,294	687	1,981
Software	-	-	-	-	-	-	94,054	-	94,054
Telephone	-	-	-	-	-	-	11,953	-	11,953
Furniture, equipment and maintenance	1,253	-	-	-	5,952	7,205	12,909	-	12,909
Depreciation and amortization	247,996	31,892	21,409	-	81,390	382,687	33,593	92,161	125,754
Rose Studio maintenance	227,801	-	-	-	-	227,801	-	-	-
Tuning and other production	62,693	22,290	17,273	-	26,220	128,476	-	-	-
CDs, materials, and reference	1,342	-	-	-	-	1,342	11,110	15,677	26,787
Office supplies and miscellaneous	10,825	7,234	408	183	1,385	20,035	39,480	5,119	44,599
Total expenses by function	4,689,213	1,065,165	568,409	58,780	835,386	7,216,953	1,072,976	1,312,453	2,385,429
Less: direct benefits expenses net with revenue on the statements of activities	-	-	-	-	-	-	-	66,099	66,099
<b>Total</b>	<b>\$ 4,689,213</b>	<b>\$ 1,065,165</b>	<b>\$ 568,409</b>	<b>\$ 58,780</b>	<b>\$ 835,386</b>	<b>\$ 7,216,953</b>	<b>\$ 1,072,976</b>	<b>\$ 1,246,354</b>	<b>\$ 2,319,330</b>
									<b>\$ 9,536,283</b>

See notes to financial statements.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Statements of Cash Flows**

	<b>Years Ended</b>	
	<b>June 30</b>	
	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$12,150,279	\$ 1,678,230
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	516,945	508,441
Perpetually restricted contributions	(226,844)	(555,903)
Donated investment securities	(292,969)	(425,732)
Proceeds from sale of donated investment securities	292,969	426,466
Net realized and unrealized (gain) on long-term investments	(12,834,027)	(1,431,482)
Decrease in assets		
Contributions receivable	1,045,851	1,868,768
Prepaid expenses and other current assets	89,304	298,424
Increase (decrease) in liabilities		
Accounts payable, taxes payable and accrued expenses	(125,350)	(506,705)
Advance box office receipts	<u>222,530</u>	<u>(588,829)</u>
Net cash provided by operating activities	<u>838,688</u>	<u>1,271,678</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	4,810,201	9,882,515
Purchase of investments	(4,173,026)	(10,212,745)
Purchases of property and equipment	<u>(153,733)</u>	<u>(533,050)</u>
Net cash provided by (used in) investing activities	<u>483,442</u>	<u>(863,280)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans payable	573,807	583,338
Permanently restricted contributions	<u>226,844</u>	<u>555,903</u>
Net cash provided by financing activities	<u>800,651</u>	<u>1,139,241</u>
<b>Net increase in cash and cash equivalents</b>	<b>2,122,781</b>	<b>1,547,639</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>2,878,566</b></u>	<u><b>1,330,927</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 5,001,347</b></u>	<u><b>\$ 2,878,566</b></u>

See notes to financial statements.



**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements  
June 30, 2021 and June 30, 2020****Note 1 – Nature of organization and summary of significant accounting policies**Nature of organization

The Chamber Music Society of Lincoln Center, Inc. (the “Society”) seeks to stimulate and support the production, performance, and composition of chamber music through live concerts (local and tours), education, maintenance of a music library, and commissioning new works.

Net asset classifications

The Society reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have been fulfilled. As reflected in the accompanying statements of financial position, the Society has designated net assets without donor restrictions to operating and other net assets without donor restrictions. The operating net assets consist primarily of ongoing activities of the Society. At the Society’s year-end of June 30<sup>th</sup>, the balance of operating net assets consists of the historical cumulative increase in net assets.
- Net assets with donor restrictions contain donor-imposed restrictions that permit the Society to use or expend the assets as specified. The restrictions are satisfied either by the passage of time and/or by action of the Society. Net assets with donor restrictions also contain donor-imposed restrictions that stipulate the principal be maintained in perpetuity, but permit the Society to use, or expend part or all of the investment return derived from the donated assets for either specified or unspecified purposes.

Contributions

Unconditional promises to contribute are recognized as revenue at their fair value at the time the pledge is made.

The Society records contributions and investment return as net assets with donor restrictions if they are received with donor stipulations that limit their use, either through purpose or time restrictions and those stipulations have not been fulfilled. When donor restrictions are fulfilled in subsequent years, that is, when a purpose restriction is met or a time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions and investment return received with donor stipulations that limit their uses, which are fulfilled in the same reporting period, are recorded as being without donor restrictions.

The Society is a beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)****June 30, 2021 and June 30, 2020****Note 1 – Nature of organization and summary of significant accounting policies (continued)**In-kind contributions

The Society has volunteers who provide periodic administrative support to the subscriptions and development department. In addition, the Society receives in-kind services rendered by other volunteers including Board members who have donated significant amounts of their time to the Society's activities. These services do not meet the criteria for recognition under the accounting standards and accordingly, have not been reflected in the financial statements.

Cash equivalents

The Society considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Fair value of financial instruments

Investments are reported at fair value based on quoted market prices. Unrealized gains and losses are determined using quoted market prices at the respective statements of financial position dates. Realized gains and losses from sales of securities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment transactions are accounted for on a trade-date basis. The Society also invests in limited partnerships. The value of the limited partnerships, which is adjusted for unrealized gains and losses, is based upon the most recent available information provided by management of the limited partnerships. There is uncertainty in determining fair value of limited partnerships arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings, time lags associated with reporting by the investee companies, and the subjective evaluation of liquidity restrictions. As a result, the estimated fair values reported in the accompanying statements of financial position might differ from the values that would have been used had a ready market for the limited partnerships' interest existed. Furthermore, there is at least a reasonable possibility that estimates will change by material amounts in the near term.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less active markets).

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

The fair value of the Society's investments in certain limited partnerships and other are determined using the net asset value (NAV) per share and are not included in the fair value hierarchy. These investments are reflected as a reconciling item between the total amount of investments classified within the fair value hierarchy and the total investments measured at fair value on the face of the statements of financial position.

Allowance for doubtful accounts

The Society has determined that its contributions receivable are collectable and that an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Property and equipment are capitalized at cost and depreciated and amortized using the straight-line method over the estimated useful lives of the assets. The Society capitalizes expenditures for assets in excess of a nominal amount with an estimated useful life of greater than one year.

Advertising costs

Advertising costs are expensed as incurred and amounted to \$130,497 and \$587,743 in the 2021 and 2020 fiscal years, respectively.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)****June 30, 2021 and June 30, 2020****Note 1 – Nature of organization and summary of significant accounting policies (continued)**Functional classification of expenses

The costs of providing program services and supporting activities have been summarized in the accompanying statements of activities. Program services include costs of performances, touring, education, broadcasting, recording, and commissioning of new chamber music. Management and general expenses include executive and financial administration, and an allocable portion of building maintenance and security.

Fundraising activities of the Society includes salaries and employee benefits of program staff who develop proposals for fundraising; solicit contributions for those needs and for endowment purposes from individuals, corporations, government agencies and foundations; and conduct special fundraising events. Fundraising costs are expensed as incurred.

Expenses attributable to more than one functional category are allocated based on time and effort.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

The Society's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and contributions receivable. The Society places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, bank balances exceed the FDIC insurance limit. However, the Society has not experienced any losses in these bank accounts to date. The Society's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statements of financial position at June 30, 2021. The Society routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. Management of the Society monitors the collectability of contributions receivable. As a consequence, management believes that concentrations of credit risk are limited.

Risks and uncertainties

On March 13, 2021, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus. The economic impact of the coronavirus on the Society's future financial operations is not readily determinable.

Subsequent events

The Society has evaluated events and transactions for potential recognition or disclosure through December 20, 2021, which is the date the financial statements were available to be issued.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 2 – Liquidity and availability of financial assets**

The Society's working capital and cash flows have seasonal variations during the year attributable to cash receipts from contributions, box office receipts, benefits and other revenue items.

The following is a summary of the Society's financial assets as of June 30, 2021 and June 30, 2020 that are available for general use within one year of the statements of financial position date:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,001,347	\$ 2,878,566
Contributions receivable, current portion	2,558,050	2,502,793
Investments, at fair value	<u>61,061,363</u>	<u>48,864,511</u>
Sub-total	68,620,760	54,245,870
Less: Net assets with perpetual donor restrictions	<u>(22,308,580)</u>	<u>(22,081,736)</u>
Total	<u>\$ 46,312,180</u>	<u>\$ 32,164,134</u>

**Note 3 – Contributions receivable**

Contributions receivable as of June 30, 2021 and June 30, 2020 are as follows:

<u>Fiscal Year</u>	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 2,502,793
2022	2,558,050	1,715,000
2023	1,689,000	1,389,000
2024	<u>314,000</u>	<u>64,000</u>
Sub-total	4,561,050	5,670,793
Less: amount to reduce contributions receivable to their present value (discount rate – 3.25%)	<u>(129,957)</u>	<u>(193,849)</u>
Total	<u>\$ 4,431,093</u>	<u>\$ 5,476,944</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 4 – Investments, at fair value**

Investments as of June 30, 2021 and June 30, 2020 consist of the following:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 5,145,693	\$ 5,145,693	\$ 6,345,054	\$ 6,345,054
Mutual funds	17,722,224	21,857,670	13,280,269	14,935,305
Investments in limited partnerships and other*				
U.S. equities**	300,000	17,153,520	300,000	11,796,662
International equities**	4,797,714	16,400,573	5,210,000	12,983,146
Fixed income**	-	-	1,767,765	2,039,352
Multi-strategy**	-	9,189	-	10,013
Private equity and other**	345,007	494,718	401,543	754,979
Total long-term investments	\$28,310,638	\$61,061,363	\$27,304,631	\$48,864,511

\* Interest in oil/gas leases is reflected at their donated value.

\*\* This balance represents the fair value in excess of the Society's invested capital after distributions were reflected as a return of capital.

The Society invests in various limited partnerships. The investment objectives are to preserve capital and provide a satisfactory return with an effort to maintain a low risk profile, through various hedging strategies.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2021 and June 30, 2020**

**Note 4 – Investments, at fair value (continued)**

The following table presents the Society's financial assets that are measured at fair value on a recurring basis at June 30, 2021 and June 30, 2020:

Description	2021			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 5,145,693	\$ 5,145,693	\$ -	\$ -
Mutual funds	21,857,670	21,857,670	-	-
Investments in limited partnerships and other:				
U.S. equities	17,153,520	-	-	17,153,520
Private equity and other	359,796	-	-	359,796
Sub-total of investments	44,516,679	<u>\$ 27,003,363</u>	<u>\$ -</u>	<u>\$ 17,513,316</u>
Investments in limited partnerships and other measured at NAV				
International equities	16,400,573			
Multi-strategy	9,189			
Private equity and other	134,922			
Total investments	<u>\$ 61,061,363</u>			
Description	2020			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 6,345,054	\$ 6,345,054	\$ -	\$ -
Mutual funds	14,935,305	14,935,305	-	-
Investments in limited partnerships and other:				
U.S. equities	11,796,662	-	-	11,796,662
Private equity and other	594,083	-	-	594,083
Sub-total of investments	33,671,104	<u>\$ 21,280,359</u>	<u>\$ -</u>	<u>\$ 12,390,745</u>
Investments in limited partnerships and other measured at NAV				
International equities	12,983,146			
Fixed income	2,039,352			
Multi-strategy	10,013			
Private equity and other	160,896			
Total investments	<u>\$ 48,864,511</u>			

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2021 and June 30, 2020**

**Note 4 – Investments, at fair value (continued)**

The following is a summary of changes in the fair value of the Society's Level 3 investments for the years ended June 30, 2021 and June 30, 2020:

Balance, June 30, 2019	\$ 11,317,917
Transfers out	(137,758)
Net realized and unrealized gain (loss)	<u>1,210,586</u>
Balance, June 30, 2020	12,390,745
Transfers out	(242,124)
Net realized and unrealized gain	<u>5,364,695</u>
Balance, June 30, 2021	<u>\$ 17,513,316</u>

The Society uses NAV, or its equivalent, to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists such investments by major class:

<u>Strategies of Limited Partnerships</u>	<u>Notice</u>	<u>NAV per Share</u>	<u>Redemption Frequency</u>
<b>U.S. Equities - 1</b>	1 fund with 60 days	N/A	Quarterly
<b>International Equities – 4</b>	1 fund with 10 days	170	Monthly
	3 funds with 90 days	3,349	Monthly
		183	Annually
		247	Annually
<b>Multi-strategy - 2</b>	2 funds with 90 days	1,809	Quarterly
		692	Quarterly

**Private Equity and other - 4** Capital is returned by each partnership over its contractual life.



**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)**  
**June 30, 2021 and June 30, 2020**

**Note 4 – Investments, at fair value (continued)**

Level 3 valuation techniques

Following is a description of the valuation methodologies used for Level 3 assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and June 30, 2020.

Fair value measurements allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Society to value these investments is the net asset value (NAV) per share, or its equivalent. Valuations provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. The Society reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

The preceding methods described for the limited partnerships and similar type investments may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Society believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment return and its classification in the statements of activities for the year ended June 30, 2021 were as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 671,030	\$ -	\$ 671,030
Royalties from oil/gas leases	64,485	-	64,485
Net realized and unrealized gain	<u>7,736,557</u>	<u>5,097,470</u>	<u>12,834,027</u>
Net return on long-term investments	8,472,072	5,097,470	13,569,542
Interest on short-term investments	<u>96</u>	<u>-</u>	<u>96</u>
Net return on investments	8,472,168	5,097,470	13,569,638
Less: Amounts designated for current operations			
Long-term investment return	(2,266,332)	-	(2,266,332)
Other investment return	(64,581)	-	(64,581)
Investment advisory fees	<u>(115,931)</u>	<u>-</u>	<u>(115,931)</u>
Long-term investment return after deduction of amounts designated for current operations	<u>\$ 6,025,324</u>	<u>\$ 5,097,470</u>	<u>\$11,122,794</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 5 – Property and equipment**

Property and equipment consisted of the following as of June 30, 2021 and June 30, 2020:

	Useful Life	<u>2021</u>	<u>2020</u>
Land	N/A	\$ 280,647	\$ 280,647
Furniture, pianos and equipment	5-20 years	1,418,280	1,325,358
Rose Building: interior	10-20 years	1,912,199	1,882,530
Rose Building: core and shell	10-40 years	2,898,939	2,867,797
Alice Tully Hall leasehold improvements and other improvements	3-30 years	<u>5,158,177</u>	<u>5,158,177</u>
Sub-total		11,668,242	11,514,509
Less: accumulated depreciation and amortization		<u>6,621,713</u>	<u>6,104,768</u>
Total		<u>\$ 5,046,529</u>	<u>\$ 5,409,741</u>

During fiscal 2020, the Society wrote off fully depreciated property and equipment totaling \$84,251.

**Note 6 – Loans payable**

During 2020, the Society applied for and received \$583,338 under the Paycheck Protection Program (“PPP”) which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. The Society has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and the Society is legally released. These proceeds were also recorded as a liability until such time that the loan is forgiven. The Society had the loan forgiven in its entirety in July 2021.

During 2021, the Society applied for and received a second PPP loan of \$573,807 with terms similar to the first PPP. Any amounts not forgiven are subject to interest at a fixed rate of 1% for a five-year term.

**Note 7 – Commitments**

The Society has entered into various commitments for compositions, hall rentals, and artists’ contracts. As of June 30, 2021, the following is a summary of the annual future commitments:

<u>Fiscal year</u>	<u>Amount</u>
2022	<u>\$2,567,125</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020****Note 7 – Commitments (continued)**

During May 2009, the Society entered into a Constituency Agreement with Lincoln Center for the Performing Arts, Inc. (“LCPA”) for space in the newly-renovated Alice Tully Hall. The term of this agreement is 25 years from the date of inception. During this term, both parties agree to fully perform all of their obligations under the lease, except to the extent that such obligations have been modified. Under this agreement, the Society has agreed to pay certain rental and administrative fees, as well as its pro-rata share of any deficit and capital renewals and renovations, which may result from the yearly operation of Alice Tully Hall. The Society’s share of the deficit in fiscal years 2021 and 2020 was \$-0- and \$382,149, respectively.

The Society is a party to the Final Participants Agreement (the “Agreement”), dated May 19, 1987. As a part of the Agreement, the Society has a proprietary lease agreement with the LCPA for its occupancy in the Rose Building through June 2034. The Society has the option to extend the lease for two successive periods of 25 years, subject to certain terms and conditions as outlined in the Agreement. Under the agreement, the Society is obligated to pay its share of the costs of operating the building. Such costs totaled \$173,833 and \$179,417 in the 2021 and 2020 fiscal years, respectively.

**Note 8 – Pension and retirement plans****Multiple-employer defined benefit pension plan**

The Society participates in a multiple-employer defined benefit pension plan maintained by Lincoln Center for the Performing Arts (“LCPA”) along with certain of its Constituents, which covers substantially all full-time non-union employees. Employers’ contributions to the plan are commingled and available to pay the benefits of all plan participants.

During February 2017, the Society adopted a modified soft freeze of this plan pursuant to which its eligible employees will continue to participate in the plan after June 30, 2017, with a “career average pay” plan design at a 1.5% accrual rate in lieu of the existing plan accrual formula, which shall be frozen effective June 30, 2017. This change does not affect the pension benefit accruing to vested employees through and including June 30, 2017. The employees hired by the Society after June 30, 2017 through December 31, 2019 were not eligible to participate in the plan, but instead were eligible to receive employer contributions under the multiple-employer defined contribution plan. Employees hired after January 1, 2020 are eligible to participate in the new 403(b) plan at a contribution rate to be determined from time to time, in consultation with the Society’s Finance Committee, subject to a vesting schedule.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020****Note 8 – Pension and retirement plans (continued)****Defined contribution plans**

The Society also participated in a non-contributory multiple-employer defined contribution plan maintained by LCPA for employees who do not participate in the LCPA multiple-employer defined benefit pension plan. The Society contributed 3% of an eligible employee's compensation. The Society ceased participating in the plan effective December 31, 2019 and effective January 1, 2020, the Society provides a 403(b) plan for eligible employees who do not participate in the LCPA multiple-employer defined benefit pension plan. For the 403(b) plan, the Society contributes 3% of an eligible employee's compensation. The Society also matches 50% of employee contributions up to 2% of compensation.

For fiscal years 2021 and 2020, the Society contributed \$199,316 and \$202,639, respectively, to the plans.

**Note 9 – Net assets**

The Society reports its restricted net assets in accordance with Accounting Standards Topic 958 – Endowments. The Society follows the New York Prudent Management of Institutional Funds Act (NYPMIFA), the provisions of which apply to endowment funds existing on or established after the date it was enacted. The Society's endowment consists of several individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and various funds designated by the Board of Directors that are not donor restricted. The Society acts prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Society classifies as net assets with perpetual donor restrictions the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as net assets with perpetual donor restrictions is classified as net assets without donor restrictions or net assets with temporary donor restrictions based on donor stipulations. The Society has adopted the policy that investment return generated from funds with perpetual donor restrictions is to be recorded as net assets with temporary donor restrictions until such time as appropriated by the Board of Directors.

**Measure of operations**

The Society's measure of operations is its operating results from revenues and expenses that are an integral part of its programs and supporting activities. The measure of operations includes investment return equal to \$1,359,799 and \$2,037,517 for fiscal 2021 and 2020, respectively, as determined by a spending rate policy of 3.0% and 4.5% in 2021 and 2020, respectively, of a twelve-quarter rolling average of the fair value of the endowment. The Society compares the twelve-quarter rolling average to a twenty-quarter rolling average to ensure compliance with NYPMIFA. The measure of operations excludes investment return in excess of that amount, bequests in excess of \$25,000 unless approved otherwise by the Board or net assets without donor restrictions that are Board designated, depreciation on property and equipment, investment expenses, unrelated business income taxes and expenses related to the Stoeger Prize, if any.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 9 – Net assets (continued)**

Measure of operations (continued)

The following is a summary of the Board-designated net assets without donor restrictions as of June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
General	\$ 27,213,225	\$ 20,573,246
Fund for Re-Opening	1,016,533	-
Fund for Innovation and Growth	512,097	572,097
Alice Tully Fund	400,000	400,000
Whitaker Fund	<u>400,000</u>	<u>400,000</u>
Total	<u>\$ 29,541,855</u>	<u>\$ 21,945,343</u>

The following are descriptions of the Society’s Board-designated funds:

General

Consist of amounts to be used to assure adequate cash and investments are available to meet future extraordinary events or any funding reduction that may cause hardship or budgetary constraints to the Society.

Fund for Re-Opening

In order to provide funding for the Society to re-open due to closure during the COVID-19 pandemic, the Society’s Board approved establishing a “Fund for Re-Opening” (the “Fund”) to support the costs of resuming live performances in New York City. The Fund was initially established in the amount of \$110,000 from amounts transferred from other Board-designated funds. During fiscal 2021, the Board approved the allocation of 2% of investment return equal to \$906,533 as determined by a twelve-quarter rolling average.

Fund for Innovation and Growth

In order to provide seed funding for the Society to undertake, in a responsible and sustainable way, select new projects which provide special innovation and growth possibilities, the Society’s Board approved establishing a “Fund for Innovation and Growth” (the “Fund”) of \$800,000. In establishing the Fund, the Board set forth a rigorous process for identifying projects and deploying funds, including review and approval by the Executive Committee and approval by the Board, and the requirement that each project become self-sustaining after three years.

Alice Tully Fund

Alice Tully provided the founding grant to the Society. In 2009, an Alice Tully heir made a legacy gift of \$400,000 to the Society, which the Board labelled the Alice Tully Fund. In 2009, the Board approved a use of up to \$50,000 per year to cover potential budgetary and operational shortfalls. This allocation has been approved in annual budgets since 2011 but never utilized.

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 9 – Net assets (continued)**

Whitaker Fund

In 2006, the Whitaker Fund was established by a former board member to support the activity of young artists. In 2009, the Board approved a use of up to \$50,000 per year to cover potential budgetary and operational shortfalls. This allocation has been approved in annual budgets since 2011 but never utilized.

Campaign for the 50<sup>th</sup>

On October 19, 2016, the Board of Directors adopted a plan to launch a *Campaign for the 50<sup>th</sup>* (the “Campaign”) as the Society approached its 50<sup>th</sup> anniversary. The Campaign’s purpose is to both raise annual operating funds and to increase the board designated endowment fund in order to strengthen and grow its financial sustainability and secure continuation of its leadership position into the future as the foremost presenter and producer of chamber music in the world. As of the end of the 2021 fiscal year, Board Members have signed pledges totaling \$5,677,500 to the Campaign over and above their current annual giving. Of these gifts, 90% will be allocated to the general Board-designated endowment and 10% will be allocated to a Campaign Operating Fund to be spent for current operations as needed. The present value of the total outstanding pledges at June 30, 2021, discounted at the rate of 3.25%, amounts to \$1,303,067 and is included in contributions receivable on the statements of financial position.

In July 2018, the Society received a \$5 million pledge (“Fund”), payable in annual installments of \$1 million for five years, to go toward the Campaign for the 50<sup>th</sup>. The pledge is recorded as perpetually restricted with investment return from the Fund to be used to support programs, performance opportunities and other activities designed to enhance and further the careers of talented young chamber musicians.

The following is a summary of the net assets with temporary donor restrictions as of and for the year ended June 30, 2021 and June 30, 2020:

	2021				
	Balance June 30, 2020	<u>Contributions</u>	Investment Return	Net Assets Released from Restrictions	Balance June 30, 2021
A combination of new productions, new performances, tours, educational or audience outreach programs	\$ 2,358,038	\$ -	\$ -	\$ -	\$ 2,358,038
Time restricted/donor designated for activities in future years	1,947,173	360,288	240,287	(859,750)	1,687,998
Stoeger Prize for composers	224,109	-	107,034	-	331,143
Campaign for the 50 <sup>th</sup> -time restricted	1,632,752	741,260	-	(1,049,000)	1,325,012
Unspent investment return earned on endowment funds	<u>9,903,790</u>	<u>-</u>	<u>4,750,149</u>	<u>-</u>	<u>14,653,939</u>
Total temporarily restricted net assets	<u>\$ 16,065,862</u>	<u>\$ 1,101,548</u>	<u>\$ 5,097,470</u>	<u>\$ (1,908,750)</u>	<u>\$ 20,356,130</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.**

**Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020**

**Note 9 – Net assets (continued)**

Campaign for the 50<sup>th</sup> (continued)

	2020				
	Balance June 30, 2018	Contributions	Investment Return	Net Assets Released from Restrictions	Balance June 30, 2020
A combination of new productions, new performances, tours, educational or audience outreach programs	\$ 2,358,038	\$ -	\$ -	\$ -	\$ 2,358,038
Time restricted/donor designated for activities in future years	1,193,923	1,294,513	-	(541,263)	1,947,173
Stoeger Prize for composers	191,080	-	33,029	-	224,109
Campaign for the 50th-time restricted	2,513,806	-	-	(881,054)	1,632,752
Unspent investment return earned on endowment funds	<u>9,984,547</u>	<u>-</u>	<u>(80,757)</u>	<u>-</u>	<u>9,903,790</u>
Total temporarily restricted net assets	<u>\$ 16,241,394</u>	<u>\$ 1,294,513</u>	<u>\$ (47,728)</u>	<u>\$ (1,422,317)</u>	<u>\$ 16,065,862</u>

The Society may expend the restricted net assets for program activities shown in the first line above, subject to certain conditions, including there being an extraordinary need and meeting certain matching gift requirements.

The Society's investment policy is structured in order to ensure that the future growth of the endowment is sufficient to offset normal inflation plus reasonable spending; to preserve the constant dollar value and purchasing power of the endowment for future generations; and to preserve the principal of operating cash and reserves while producing market-level income. In addition, this policy outlines appropriate risk and return objectives, offers asset allocation guidelines, describes suitable investments, and defines the responsibilities of the Society's Finance Committee and any investment consultant with respect to the investment of the Society's assets.

Net assets with perpetual donor restrictions as of June 30, 2021 and June 30, 2020 consisted of the following endowment funds:

	<u>2021</u>	<u>2020</u>
A combination of new productions, new performances, tours, educational or audience outreach programs	\$ 9,432,151	\$ 9,432,151
Chairs	1,729,494	1,729,494
Bowers program	4,953,158	4,876,314
Stoeger Prize for composers	445,692	445,692
Media	500,000	500,000
Taplin commissioning	461,054	461,054
Rose building maintenance	118,731	118,731
Wallach endowment	600,000	450,000
General	<u>4,068,300</u>	<u>4,068,300</u>
Total net assets with perpetual donor restrictions	<u>\$ 22,308,580</u>	<u>\$ 22,081,736</u>

**THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER, INC.****Notes to Financial Statements (continued)  
June 30, 2021 and June 30, 2020****Note 9 – Net assets (continued)**

As of June 30, 2021 and June 30, 2020, there were no restricted or designated funds with deficiencies.

**Note 10 – Tax status**

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Society has been classified by the Internal Revenue Service as an organization, which is not a private foundation within the meaning of Section 509(a)(1) of the Code. The Society qualifies for the maximum charitable contribution deduction by donors. In certain years, a portion of the Society’s investment return constitutes unrelated business income.